

# 2001 MICHIGAN Underpayment of Estimated Income Tax

Issued under the authority of the Income Tax Act of 1967, as amended. Attach to your MI-1040 or MI-1041.

**Round all money items to whole dollars.**

**2001  
MI-2210**

1. For 2001 or taxable year beginning \_\_\_\_\_, and ending \_\_\_\_\_.

|  |                                   |
|--|-----------------------------------|
| 2. First Name, Middle Initial and Last Name (if joint, use first names and initials of both) | 3. Filer's Social Security Number |
|--|-----------------------------------|

Treasury can compute your interest for you. See instructions before completing this form. Before completing Part 1, add MI-1040 lines 30, 31, 32 and 33. Subtract this sum from MI-1040, line 27. If the result is \$500 or less, do not complete this form. For MI-1041, subtract line 22 from line 21. If the result is \$500 or less, do not complete this form.

|                                    |
|------------------------------------|
| 4. Spouse's Social Security Number |
|------------------------------------|

## PART 1: ESTIMATED TAX REQUIRED FOR THE YEAR

5. Enter 2000 tax. Subtract the sum of MI-1040 lines 30 and 31 from line 27. (Fiduciaries, see inst.) ..... 5. \_\_\_\_\_ .00  
6. Enter 2001 tax. Subtract MI-1040 lines 30, 31 and 32 from line 27. (Fiduciaries, see inst.) ..... 6. \_\_\_\_\_ .00  
7. Multiply amount on line 6 by 90% (.9) ..... 7. \_\_\_\_\_ .00  
8. Compare the amount on lines 5 and 7. Enter the smaller number ..... 8. \_\_\_\_\_ .00

### PAYMENT DUE DATES

|   | A<br>April 16, 2001 | B<br>June 15, 2001 | C<br>Sept. 17, 2001 | D<br>Jan. 15, 2002 |
|---|---------------------|--------------------|---------------------|--------------------|
| 9. Required quarterly estimate. Divide the amount on line 8 by 4. Enter in each column ..... 9.   |                     |                    |                     |                    |
| <b>CAUTION:</b> If you annualize, enter amount from worksheet line 16   |                     |                    |                     |                    |
| <b>COMPLETE LINES 10 - 22 ONE COLUMN AT A TIME.</b>   |                     |                    |                     |                    |
| 10. Estimated tax paid and withheld. (For column A only, enter the amount from line 10 on line 14.) ..... 10.   |                     |                    |                     |                    |
| 11. Enter amount, if any from line 17 of the previous column ..... 11.  |                     |                    |                     |                    |
| 12. Add lines 10 and 11 ..... 12.   |                     |                    |                     |                    |
| 13. Add the amounts on lines 15 and 16 of the previous column and enter the result here ..... 13.   |                     |                    |                     |                    |
| 14. Subtract line 13 from line 12. If zero or less, enter zero (For column A only, enter the amount from line 10.) ..... 14.  |                     |                    |                     |                    |
| 15. Remaining underpayment from previous period<br>If the amount on line 14 is zero, subtract line 12 from line 13 and enter the result here ..... 15.  |                     |                    |                     |                    |
| 16. UNDERPAYMENT. If line 9 is greater than or equal to line 14, subtract line 14 from line 9 and enter the result. Then go to line 10 of the next column. Otherwise, go to line 17 ..... 16. |                     |                    |                     |                    |
| 17. OVERPAYMENT. If line 14 is greater than line 9, subtract line 9 from line 14 enter here. Then go to line 10 of next column ..... 17.  |                     |                    |                     |                    |

## PART 2: FIGURING THE INTEREST

|   |                |               |                |               |
|---|----------------|---------------|----------------|---------------|
| 18. Underpayment from line 16 ..... 18.   |                |               |                |               |
| <b>Rate Period 1: 10.4%. April 16, 2001 - June 30, 2001</b>   |                |               |                |               |
| 19a. Computation starting date for this period ..... 19a.   | April 16, 2001 | June 15, 2001 |                |               |
| b. Number of days from date on line 19a to the date line 18 was paid or June 30, 2001, whichever is earlier.<br>If June 30 is earlier, enter 75 and 15 respectively ..... 19b.              |                |               |                |               |
| c. .0002849 x days on line 19b x underpayment on line 18 ..... 19c.   |                |               |                |               |
| <b>Rate Period 2: 10.1%. July 1, 2001 - Dec. 31, 2001</b>   |                |               |                |               |
| 20a. Computation starting date for this period ..... 20a.   | June 30, 2001  | June 30, 2001 | Sept. 17, 2001 |               |
| b. Number of days from date on line 20a to the date line 18 was paid or December 31, 2001 whichever is earlier.<br>If Dec. 31 is earlier, enter 184, 184 and 105 respectively ..... 20b.    |                |               |                |               |
| c. .0002767 x days on line 20b x underpayment on line 18 ..... 20c.   |                |               |                |               |
| <b>Rate Period 3: 8.0%. Jan. 1, 2002 - June 30, 2002</b>  |                |               |                |               |
| 21a. Computation starting date for this period ..... 21a.   | Dec. 31, 2001  | Dec. 31, 2001 | Dec. 31, 2001  | Jan. 15, 2002 |
| b. Number of days from date on line 21a to the date line 18 was paid or April 15, 2002, whichever is earlier.<br>If April 15 is earlier, enter 105, 105, 105 and 90 respectively ..... 21b. |                |               |                |               |
| c. .0002192 x days on line 21b x underpayment on line 18 ..... 21c.   |                |               |                |               |
| 22. Interest. Add amount on lines 19c, 20c and 21c in all columns<br>Enter the total interest here and on the appropriate line on your MI-1040 or MI-1041 ..... 22.                         |                |               |                | .00           |



## GENERAL INSTRUCTIONS

Use this form to see if you owe penalty and interest for failing to make estimated payments or for underpaying the estimated tax due. You can be charged interest (and possibly penalty) if your payment was low or late in any quarter. This is true even if you are due a refund when you file your tax return. The interest and penalty are figured separately for each due date. So you could still owe interest and penalty even if you made up an earlier underpayment with an overpayment later.

Because this is a complicated form, you may choose to have Treasury compute your interest and penalty and send you a bill instead of filing the form yourself. If you want Treasury to figure your interest, complete your MI-1040 form as usual, leaving the interest line blank and do not attach form MI-2210. Interest computed on this form and penalty charged for failing to file or underpaying estimates will be the same regardless of whether you pay with your return or if Treasury bills you.

**If you annualize your income**, you **must** complete the MI-2210 form and the annualization worksheet and attach them to your Michigan annual tax return (individual or fiduciary). Individual income tax filers must check the box on MI-1040, line 36a, and enter the amount of interest computed on that line. Fiduciary income tax filers must check the box on MI-1041, line 26, and enter the amount of interest computed on that line.

**You may avoid penalty and interest and should not file this form if:**

- You had no tax liability for 2000 (if you had to file), or you were not required to file a 2000 return and your 2000 federal tax return was for a full 12 months.
- The total tax on your 2001 return minus the amount you paid in withholding and all your credits is \$500 or less.
- The amounts of tax withheld and timely estimated tax payments made in equal installments equal at least 90 percent of the tax due in 2001 or 100 percent of the tax due in 2000, unless the installment due in any period is paid later than the due date of that installment.
- No penalty is charged if estimates were not required in the immediately preceding year, however interest may still be due.

**Special rules for farmers, fishermen and seafarers.**

Do not file this form if BOTH of these apply:

- Your gross income from farming, fishing or seafaring is at least 2/3 of your annual gross income for 2000 or 2001, **AND**
- You filed your MI-1040 and paid the entire tax due by March 1, 2002.

If you need to file estimated tax, a 2002 Michigan estimated income tax formset (MI-1040ES for individuals, MI-1041ES for fiduciaries), is available on the Treasury Web site at [www.treasury.state.mi.us](http://www.treasury.state.mi.us) or by calling 1-800-FORM-2-ME (367-6263). Forms are also available from your local Treasury office.

## LINE-BY-LINE INSTRUCTIONS

Before completing Part 1, add MI-1040 lines 30, 31, 32 and 33. Subtract this sum from MI-1040, line 27. If the result is \$500 or less, do not complete this form. For MI-1041 subtract line 22 from line 21. If the result is \$500 or less, do not complete this form.

**FISCAL-YEAR FILERS:** Change due dates and interest rates to correspond with your tax year.

### Part 1. FIGURING THE UNDERPAYMENT

**Line 5:** Figure your 2000 tax from your 2000 return. On the MI-1040 form, subtract the sum of lines 33 and 34 from line 27 and enter here. Fiduciaries, enter the amount from MI-1041, line 21.

**Line 6:** Figure your 2001 tax. On the MI-1040 form, subtract the total of lines 30, 31 and 32 from line 27 and enter here. Fiduciaries, enter the amount from MI-1041, line 21.

**Line 9:** If you did not receive your income evenly throughout the year, you may annualize your income. See the instructions and worksheet on this form. The sum of the four installments must equal the lowest of:

- 90 percent of the tax shown on your 2001 tax return,
- 100 percent of the tax shown on your 2000 tax return, OR
- 108 percent of the tax shown on your 2000 return if AGI was \$150,000 for joint or single filers or \$75,000 for married filing separately.

**Line 10:** Enter the estimated tax payments you made plus any withholding. Note:

- One-fourth of your total withholding is considered paid on each due date unless you can document the dates the tax was withheld.

- An overpayment from 2000 that has been credited forward to 2001 will be applied to the first installment.
- Do not enter extension payments on this form.

In column A, enter the estimated tax payments made by April 16, 2001 that were for the 2001 tax year. In column B, enter payments made after April 16 and through June 15, 2001. In column C, enter payments made after June 15 and through September 17, 2001. In column D, enter payments made after September 17, 2001, and through January 15, 2002. Extension payments or other payments received after January 15 are not considered estimate payments.

## Part 2. FIGURING THE INTEREST

The MI-2210 computes interest to April 15, 2002 or the date of payment, whichever is earlier. This part of the form breaks down underpayments to the payment period they are due, then gives the interest rate for that period. Interest is figured for the number of days the installment remained unpaid. All payments are applied to any underpayment first, regardless of when the payment is received. The balance (if any) is applied to the next period.

**Lines 10-22:** Complete all of these lines for column A before going to column B, etc. You need only complete each column to the date the payment was made. If the total underpayment for any payment period was not paid off with one payment, you may need to do several calculations in each column.

**Example:** Your tax due each period is \$2,000. You have an underpayment of \$1,000 for the first period (due April 17). On June 10 you send \$2,000 to pay the second installment. But, \$1,000 of this payment goes toward your \$1,000 underpayment first. Interest is computed on \$1,000 from April 17 to June 10 (54 days). The remaining \$1,000 is applied to your second installment payment, creating a second period underpayment of \$1,000.

Interest will continue to accrue on this \$1,000 until another payment is received.

**Interest rates** are set by Treasury twice each year for six-month periods starting January 1 and July 1. The rate is 1 percent above the prime rate in Michigan. For example, if the Michigan prime rate is 10.2 percent, your interest rate for completing the MI-2210 is 11.2 percent for that six-month period. For current interest rates, request *Revenue Administrative Bulletin 2001-3*.

## Part 3. FIGURING THE PENALTY

Penalty is 25 percent of the tax due for failing to file estimated payments, or 10 percent for failing to pay enough with your estimates or paying late.

**Line 23:** The underpayment for the penalty charge is figured in the same general way as the underpayment for interest.

Exceptions:

- Payments are applied in the quarter they are received.
- If an overpayment occurs in any quarter, the overpayment amount is carried forward to the next quarter and applied as a timely payment.
- Payments are not carried back to offset underpayments in previous quarters.

The amount on line 23 cannot be less than zero (0).

**Line 24:** Enter 25 percent if estimated tax payments were not made for 2001. Enter 10 percent if estimated tax payments were made for 2001.

**Example:** In the example in Part 2, the \$2,000 payment received on June 10 is applied to the \$2,000 required payment in the second quarter. The penalty in the first quarter is \$100 (10 percent of the \$1,000 underpayment in the first quarter). The penalty in the second quarter would be zero (0).